1	TO THE HONORABLE SENATE:
2	The Committee on Finance to which was referred Senate Bill No. 100
3	entitled "An act relating to promoting affordable and sustainable housing"
4	respectfully reports that it has considered the same and recommends that the
5	bill be amended by striking out all after the enacting clause and inserting in
6	lieu thereof the following:
7	* * * Housing Help Surcharge; Housing Bond * * *
8	Sec. 1. VERMONT HOUSING AND CONSERVATION BOARD;
9	HOUSING FOR ALL
10	(a) Findings and purpose.
11	(1) The General Assembly finds that investments are needed to help
12	house the most vulnerable as well as creating more homes for workers.
13	(2) The shortage of affordable and available homes has been highlighted
14	recently by:
15	(A) the Vermont Futures Project of the Vermont Chamber of
16	Commerce, which set a growth target of 5,000 new and improved housing
17	units annually:
18	(B) a national consultant's recommendations for a Roadmap to End
19	Homelessness, which calls for 368 new units for permanent supportive housing
20	and 1,251 new homes affordable at 30 percent of median or below over the
21	next five years; and

1	(C) the 2015 statewide housing needs assessment by Bowen National
2	Research, which found the largest gaps in housing affordable to households
3	below 30 percent of median and between 85 percent and 120 percent, and a
4	lack of housing availability across the income spectrum.
5	(3) The purpose of this section is to promote the development and
6	improvement of housing for Vermonters.
7	(b) The Vermont Housing and Conservation Board shall use the proceeds
8	of bonds, notes, and other obligations issued by the Vermont Housing Finance
9	Agency pursuant to 10 V.S.A. § 621(22) and transferred to the Vermont
10	Housing and Conservation Trust Fund to fund the creation and improvement of
11	ownership and rental housing for Vermonters with very low to middle income
12	in areas targeted for growth and reinvestment, as follows:
13	(1) not less than 25 percent of the housing shall be targeted to
14	Vermonters with very low income, meaning households below 50 percent of
15	area median income; and
16	(2) not less than 25 percent shall be targeted to Vermonters with
17	moderate income, meaning households between 80 and 120 percent of median
18	income.
19	Sec. 2. 32 V.S.A. § 9241 is amended to read:
20	§ 9241. IMPOSITION OF TAX

1	(a) An operator shall collect a tax of nine percent of the rent of each
2	occupancy plus a \$2.00 housing help surcharge for each night of the
3	occupancy.
4	* * *
5	Sec. 3. 32 V.S.A. § 9241a is added to read:
6	§ 9241A. HOUSING HELP SURCHARGE; ALLOCATION OF REVENUES
7	(a) The revenues generated by the \$2.00 housing help surcharge imposed
8	under subsection 9241(a) of this title shall be allocated as follows:
9	(1) the first \$2.5 million shall be transferred to the Vermont Housing
10	Finance Agency to pay the principal of and interest due on the bonds, notes,
11	and other obligations authorized to be issued by the Agency pursuant to 10
12	V.S.A. § 621(22), the proceeds of which the Vermont Housing and
13	Conservation Board shall use to create affordable housing pursuant to 10
14	V.S.A. chapter 15 and Sec. 1 of S.100 (2017) as enacted; and
15	(2) any remaining revenues shall be transferred to the Clean Water Fund
16	created in 10 V.S.A. § 1388.
17	(b) As long as the bonds, notes, and other obligations incurred pursuant to
18	subdivision (a)(1) of this section remain outstanding, the housing help
19	surcharge imposed pursuant to section 9241 of this title shall not be reduced
20	below a rate estimated, at the time of any reduction, to generate annual
21	revenues of at least \$6 million.

1	* * * Vermont Housing Finance Agency; Authority to Issue Bonds for
2	Affordable Housing * * *
3	Sec. 4. 10 V.S.A. § 621 is amended to read:
4	§ 621. GENERAL POWERS AND DUTIES
5	The Agency shall have all of the powers necessary and convenient to carry
6	out and effectuate the purposes and provisions of this chapter, including
7	without limitation those general powers provided a business corporation by
8	11A V.S.A. § 3.02 and those general powers provided a nonprofit corporation
9	by 11B V.S.A. § 3.02 and including, without limiting the generality of the
10	foregoing, the power to:
11	* * *
12	(22) issue bonds, notes, and other obligations secured by the housing
13	help surcharge revenues transferred to the Agency pursuant to 32 V.S.A.
14	§ 9241a(a)(1).
15	Sec. 5. 10 V.S.A. § 631(l) is added to read:
16	(l)(1) The bonds, notes, and other obligations authorized to be issued
17	pursuant to subdivision 621(22) of this title shall be secured by a pledge of the
18	housing help surcharge revenues to be transferred to the Agency pursuant to
19	32 V.S.A. § 9241a(a)(1) and shall mature not later than June 30, 2038.
20	(2) The Agency may issue the bonds, notes, and other obligations in one
21	or more series at one time or from time to time, provided that the aggregate

1	annual debt service on the bonds, notes, and other obligations shall not exceed
2	\$2.5 million at any time.
3	(3) The Agency shall transfer the proceeds of the bonds, notes, and other
4	obligations, less issuance fees and costs and required reserves, to the Vermont
5	Housing and Conservation Trust Fund established pursuant to section 312 of
6	this title, for use by the Vermont Housing and Conservation Board as provided
7	in chapter 15 of this title and Sec. 1 of S.100 (2017) as enacted.
8	(4) The Agency, the Vermont Housing and Conservation Board, and the
9	State Treasurer may execute one or more agreements governing the terms and
10	conditions under which the housing help surcharge revenues that secure the
11	bonds, notes, and obligations will be transferred to the Agency, and any other
12	issues they determine appropriate.
13	Sec. 6. REPEAL
14	The following shall be repealed on July 1, 2038:
15	(1) 32 V.S.A. § 9241a (housing help surcharge for affordable housing
16	debt repayment and clean water fund).
17	(2) 10 V.S.A. § 621(22) (Vermont Housing Finance Agency (VHFA)
18	authority to issue debt obligations secured by property transfer tax).
19	(3) 10 V.S.A. § 631(l) (debt obligations issued by VHFA).
20	Sec. 6a. 32 V.S.A. § 9241 is amended to read:
21	§ 9241. IMPOSITION OF TAX

1	(a) An operator shall collect a tax of nine percent of the rent of each
2	occupancy.
3	* * *
4	Sec. 7. 10 V.S.A. § 323 is amended to read:
5	§ 323. ANNUAL REPORT
6	Prior to January 31 of each year, the board Board shall submit a report
7	concerning its activities to the governor Governor and legislative committees
8	on agriculture, natural resources and energy, appropriations, ways and means,
9	finance, and institutions. The report shall include, but not be limited to, the
10	following:
11	(1) a list and description of activities funded by the board Board during
12	the preceding year, including commitments made to fund projects through
13	housing bond proceeds pursuant to Sec. 1 of S.100 (2017) as enacted, and
14	project descriptions, levels of affordability, and geographic location;
15	* * *
16	* * * Municipal Outreach; Sewerage and Water Service Connections * * *
17	Sec. 8. AGENCY OF NATURAL RESOURCES; EDUCATION AND
18	OUTREACH; DELEGATION; SEWERAGE AND WATER
19	SERVICE CONNECTIONS
20	(a) The Secretary of Natural Resources, after consultation with the
21	Vermont League of Cities and Towns, shall conduct outreach and education

1	for municipalities regarding the ability of a municipality under 10 V.S.A.
2	§ 1976 to be delegated the authority to permit the connection of a municipal
3	sewer or water service line to subdivided land, a building, or a campground.
4	(b) The education and outreach shall specify the conditions or requirements
5	for delegation, how a municipality can seek delegation, and contact
6	information or other resource to provide additional information regarding
7	delegation. The education and outreach may include educational materials,
8	workshops, or classes regarding the ability of a municipality to be delegated
9	under 10 V.S.A. § 1976 the permitting of sewer and water service connection.
10	(c) On or before January 15, 2018, the Secretary of Natural Resources shall
11	submit a report to the Senate Committees on Natural Resources and Energy
12	and Economic Development, Housing and General Affairs and the House
13	Committees on Natural Resources, Fish and Wildlife and on Commerce and
14	Economic Development summarizing the education and outreach conducted or
15	planned by the Secretary under the requirements of this section and whether
16	any municipality has sought delegation of sewer and water service connection
17	permitting under 10 V.S.A. § 1976 since the effective date of this act.
18	* * * Municipal Land Use and Development; Affordable Housing * * *
19	Sec. 9. 24 V.S.A. § 4303 is amended to read:
20	§ 4303. DEFINITIONS

1	The following definitions shall apply throughout this chapter unless the
2	context otherwise requires:
3	(1) "Affordable housing" means either of the following:
4	(A) Housing that is owned by its inhabitants whose gross annual
5	household income does not exceed 80 percent of the county median income, or
6	80 percent of the standard metropolitan statistical area income if the
7	municipality is located in such an area, as defined by the U.S. Department of
8	Housing and Urban Development, and the total annual cost of the housing,
9	including principal, interest, taxes, insurance, and condominium association
10	fees is not more than 30 percent of the household's gross annual income.
11	Owner-occupied housing for which the total annual cost of
12	ownership, including principal, interest, taxes, insurance, and condominium
13	association fees, does not exceed 30 percent of the gross annual income of a
14	household at 120 percent of the highest of the following:
15	(i) the county median income, as defined by the U.S. Department
16	of Housing and Urban Development;
17	(ii) the standard metropolitan statistical area median income if the
18	municipality is located in such an area, as defined by the U.S. Department of
19	Housing and Urban Development; or
20	(iii) the statewide median income, as defined by the
21	U.S. Department of Housing and Urban Development.

1	(B) Housing that is rented by its inhabitants whose gross annual
2	household income does not exceed 80 percent of the county median income, or
3	80 percent of the standard metropolitan statistical area income if the
4	municipality is located in such an area, as defined by the U.S. Department of
5	Housing and Urban Development, and the total annual cost of the housing,
6	including rent, utilities, and condominium association fees, is not more than 30
7	percent of the household's gross annual income.
8	Rental housing for which the total annual cost of renting, including
9	rent, utilities, and condominium association fees, does not exceed 30 percent of
10	the gross annual income of a household at 80 percent of the highest of the
11	following:
12	(i) the county median income, as defined by the U.S. Department
13	of Housing and Urban Development;
14	(ii) the standard metropolitan statistical area median income if the
15	municipality is located in such an area, as defined by the U.S. Department of
16	Housing and Urban Development; or
17	(iii) the statewide median income, as defined by the
18	U.S. Department of Housing and Urban Development.
19	* * *
20	* * * Act 250; Priority Housing Projects * * *
21	Sec. 10. 10 V.S.A. § 6001 is amended to read:

1	§ 6001. DEFINITIONS
2	In this chapter:
3	* * *
4	(3)(A) "Development" means each of the following:
5	* * *
6	(iv) The construction of housing projects such as cooperatives,
7	condominiums, or dwellings, or construction or maintenance of mobile homes
8	or mobile home parks, with 10 or more units, constructed or maintained on a
9	tract or tracts of land, owned or controlled by a person, within a radius of five
10	miles of any point on any involved land, and within any continuous period of
11	five years. However:
12	(I) A priority housing project shall constitute a development
13	under this subdivision (iv) only if the number of housing units in the project is:
14	(aa) 275 or more, in a municipality with a population of
15	15,000 or more; [Repealed.]
16	(bb) 150 or more, in a municipality with a population of
17	10,000 or more but less than 15,000; [Repealed.]
18	(cc) 75 or more, in a municipality with a population of 6,000
19	or more but less than 10,000;
20	(dd) 50 or more, in a municipality with a population of
21	3,000 or more but less than 6,000;

1	(ee) 25 or more, in a municipality with a population of less
2	than 3,000 <del>; and</del> .
3	(ff) notwithstanding Notwithstanding subdivisions (aa)(cc)
4	through (ee) of this subdivision $(3)(A)(iv)(I)$ , 10 or more if the construction
5	involves the demolition of one or more buildings that are listed on or eligible
6	to be listed on the State or National Register of Historic Places. However,
7	demolition shall not be considered to create jurisdiction under this subdivision
8	if the Division for Historic Preservation has determined that the proposed
9	demolition will have no adverse effect, will have no adverse effect if specified
10	conditions are met, or will have an adverse effect that will be adequately
11	mitigated. Any imposed conditions shall be enforceable through a grant
12	condition, deed covenant, or other legally binding document.
13	(II) The determination of jurisdiction over a priority housing
14	project shall count only the housing units included in that discrete project.
15	(III) Housing units in a priority housing project shall not count
16	toward determining jurisdiction over any other project.
17	* * *
18	(D) The word "development" does not include:
19	* * *
20	(viii) The construction of a priority housing project in a
21	municipality with a population of 10,000 or more. However, if the

1	construction of the project involves demolition of one or more buildings that
2	are listed or eligible to be listed on the State or National Register of Historic
3	Places, this exemption shall not apply unless the Division for Historic
4	Preservation has made the determination described in subdivision
5	(3)(A)(iv)(I)(ff) of this section and any imposed conditions are enforceable in
6	the manner set forth in that subdivision.
7	* * *
8	(27) "Mixed income housing" means a housing project in which the
9	following apply:
10	(A) Owner-occupied housing. At the option of the applicant, owner
11	occupied housing may be characterized by either of the following:
12	(i) at least 15 percent of the housing units have a purchase price
13	which at the time of first sale does not exceed 85 percent of the new
14	construction, targeted area purchase price limits established and published
15	annually by the Vermont Housing Finance Agency; or
16	(ii) at least 20 percent of the housing units have a purchase price
17	which at the time of first sale does not exceed 90 percent of the new
18	construction, targeted area purchase price limits established and published
19	annually by the Vermont Housing Finance Agency;.

1	(B) Rental Housing housing. At least 20 percent of the housing units
2	that are rented constitute affordable housing and have a duration of
3	affordability of not less than 20 15 years.
4	(28) "Mixed use" means construction of both mixed income housing
5	and construction of space for any combination of retail, office, services,
6	artisan, and recreational and community facilities, provided at least 40 percent
7	of the gross floor area of the buildings involved is mixed income housing.
8	"Mixed use" does not include industrial use.
9	(29) "Affordable housing" means either of the following:
10	(A) Housing that is owned by its inhabitants whose gross annual
11	household income does not exceed 80 percent of the county median income, or
12	80 percent of the standard metropolitan statistical area income if the
13	municipality is located in such an area, as defined by the U.S. Department of
14	Housing and Urban Development, and the total annual cost of the housing,
15	including principal, interest, taxes, insurance, and condominium association
16	fees is not more than 30 percent of the household's gross annual income.
17	Owner-occupied housing for which the total annual cost of
18	ownership, including principal, interest, taxes, insurance, and condominium
19	association fees, does not exceed 30 percent of the gross annual income of a
20	household at 120 percent of the highest of the following:

1	(i) the county median income, as defined by the U.S. Department
2	of Housing and Urban Development;
3	(ii) the standard metropolitan statistical area median income if the
4	municipality is located in such an area, as defined by the U.S. Department of
5	Housing and Urban Development; or
6	(iii) the statewide median income, as defined by the
7	U.S. Department of Housing and Urban Development.
8	(B) Housing that is rented by its inhabitants whose gross annual
9	household income does not exceed 80 percent of the county median income, or
10	80 percent of the standard metropolitan statistical area income if the
11	municipality is located in such an area, as defined by the U.S. Department of
12	Housing and Urban Development, and the total annual cost of the housing,
13	including rent, utilities, and condominium association fees, is not more than 30
14	percent of the household's gross annual income.
15	Rental housing for which the total annual cost of renting, including
16	rent, utilities, and condominium association fees, does not exceed 30 percent of
17	the gross annual income of a household at 80 percent of the highest of the
18	following:
19	(i) the county median income, as defined by the U.S. Department
20	of Housing and Urban Development;

1	(ii) the standard metropolitan statistical area median income if the
2	municipality is located in such an area, as defined by the U.S. Department of
3	Housing and Urban Development; or
4	(iii) the statewide median income, as defined by the
5	U.S. Department of Housing and Urban Development.
6	* * *
7	(35) "Priority housing project" means a discrete project located on a
8	single tract or multiple contiguous tracts of land that consists exclusively of:
9	(A) mixed income housing or mixed use, or any combination thereof,
10	and is located entirely within a designated downtown development district,
11	designated new town center, designated growth center, or designated village
12	center that is also a designated neighborhood development area under
13	24 V.S.A. chapter 76A; or
14	(B) mixed income housing and is located entirely within a designated
15	Vermont neighborhood or designated neighborhood development area under
16	24 V.S.A. chapter 76A.
17	* * *
18	Sec. 11. 10 V.S.A. § 6081 is amended to read:
19	§ 6081. PERMITS REQUIRED; EXEMPTIONS
20	(a) No person shall sell or offer for sale any interest in any subdivision
21	located in this State, or commence construction on a subdivision or

development, or commence development without a permit. This section shall not prohibit the sale, mortgage, or transfer of all, or an undivided interest in all, of a subdivision unless the sale, mortgage, or transfer is accomplished to circumvent the purposes of this chapter.

5 \*\*\*

- (o) If a downtown development district designation pursuant to 24 V.S.A. § 2793 chapter 76A is removed, subsection (a) of this section shall apply to any subsequent substantial change to a priority housing project that was originally exempt pursuant to subdivision 6001(3)(A)(iv)(I) of this title on the basis of that designation.
- (p)(1) No permit or permit amendment is required for any change to a project that is located entirely within a downtown development district designated pursuant to 24 V.S.A. § 2793, if the change consists exclusively of any combination of mixed use and mixed income housing, and the cumulative changes within any continuous period of five years, commencing on or after the effective date of this subsection, remain below the jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title.
- (2) No permit or permit amendment is required for a priority housing project in a designated center other than a downtown development district if the project remains below the jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title and will comply with all conditions of any

1	existing permit or permit amendment issued under this chapter that applies to
2	the tract or tracts on which the project will be located. If such a priority
3	housing project will not comply with one or more of these conditions, an
4	application may be filed pursuant to section 6084 of this title.
5	* * *
6	Sec. 12. 10 V.S.A. § 6084 is amended to read:
7	§ 6084. NOTICE OF APPLICATION; HEARINGS, COMMENCEMENT OF
8	REVIEW
9	* * *
10	(f) This subsection concerns an application for a permit amendment to
11	change the conditions of an existing permit or permit amendment in order to
12	authorize the construction of a priority housing project described in
13	subdivision 6081(p)(2) of this title.
14	(1) The District Commission may authorize a district coordinator to
15	issue such an amendment, without notice and a hearing, if the applicant
16	demonstrates that all parties to the permit or permit amendment or their
17	successors in interest have consented to the proposed changes to conditions
18	relative to the criteria for which the party retained party status.
19	(2) If the applicant is not able to obtain the consent of a party or parties
20	or their successors in interest with respect to one or more of the conditions
21	proposed to be changed, the applicant shall file a permit application pursuant to

1	this section. However, review by the District Commission shall be limited to
2	whether the changes to conditions not consented to by the party or parties or
3	their successors in interest enable positive findings under subsection 6086(a)
4	and are authorized under subsection 6086(c) of this title.
5	* * * ACCD; Publication of Median Household Income and Qualifying Costs
6	for Affordable Housing * * *
7	Sec. 13. 3 V.S.A. § 2472 is amended to read:
8	§ 2472. DEPARTMENT OF HOUSING AND COMMUNITY
9	DEVELOPMENT
10	(a) The Department of Housing and Community Development is created
11	within the Agency of Commerce and Community Development. The
12	Department shall:
13	* * *
14	(5) In conjunction with the Vermont Housing Finance Agency, annually
15	publish data and information to enable the public to determine income levels
16	and costs for owner-occupied and rental housing to qualify as affordable
17	housing, as defined in 24 V.S.A. § 4303 and 10 V.S.A. § 6001(29), including:
18	(A) the median income for each Vermont county, as defined by the
19	U.S. Department of Housing and Urban Development;

1	(B) the standard metropolitan statistical area median income for each
2	municipality is located in such an area, as defined by the U.S. Department of
3	Housing and Urban Development; and
4	(C) the statewide median income, as defined by the U.S. Department
5	of Housing and Urban Development.
6	* * *
7	* * * Downtown Tax Credits * * *
8	Sec. 14. 32 V.S.A. § 5930ee is amended to read:
9	§ 5930ee. LIMITATIONS
10	Beginning in fiscal year 2010 and thereafter, the State Board may award tax
11	credits to all qualified applicants under this subchapter, provided that:
12	(1) the total amount of tax credits awarded annually, together with sales
13	tax reallocated under section 9819 of this title, does not exceed \$2,200,000.00
14	<u>\$2,400,000.00;</u>
15	* * *
16	* * * Tax Credit for Affordable Housing; Captive Insurance Companies * * *
17	Sec. 15. 32 V.S.A. § 5930u is amended to read:
18	§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING
19	(a) As used in this section:
20	* * *

1	(5) "Credit certificate" means a certificate issued by the allocating
2	agency to a taxpayer that specifies the amount of affordable housing tax credits
3	that can be applied against the taxpayer's individual or corporate income tax,
4	or franchise, captive insurance premium, or insurance premium tax liability as
5	provided in this subchapter.
6	* * *
7	(c) Amount of credit. A taxpayer who makes an eligible cash contribution
8	shall be entitled to claim against the taxpayer's individual income, corporate,
9	franchise, captive insurance premium, or insurance premium tax liability a
10	credit in an amount specified on the taxpayer's credit certificate. The first-year
11	allocation of a credit amount to a taxpayer shall also be deemed an allocation
12	of the same amount in each of the following four years.
13	* * *
14	Sec. 16. 24 V.S.A. chapter 53, subchapter 5 is amended to read:
15	Subchapter 5. Tax Increment Financing
16	* * *
17	§ 1892. CREATION OF DISTRICT
18	* * *
19	(d) The following municipalities have been authorized to use education tax
20	increment financing for a tax increment financing district, and the Vermont
21	Economic Progress Council is not authorized to approve any additional tax

1	increment financing districts even if one of the districts named in this
2	subsection is terminated pursuant to subsection 1894(a) of this subchapter:
3	(1) the City of Burlington, Downtown;
4	(2) the City of Burlington, Waterfront;
5	(3) the Town of Milton, North and South;
6	(4) the City of Newport;
7	(5) the City of Winooski;
8	(6) the Town of Colchester;
9	(7) the Town of Hartford;
10	(8) the City of St. Albans;
11	(9) the City of Barre; and
12	(10) the Town of Milton, Town Core; and
13	(11) the City of South Burlington, New Town Center.
14	* * *
15	§ 1894. POWER AND LIFE OF DISTRICT
16	* * *
17	(c) Use of the municipal property tax increment. For only debt incurred
18	within the period permitted under subdivision (a)(1) of this section after
19	creation of the district, and related costs, not less than an equal share <u>plus five</u>
20	percent of the municipal tax increment pursuant to subsection (f) of this section

1	shall be retained to service the debt, beginning the first year in which debt is
2	incurred, pursuant to subsection (b) of this section.
3	* * *
4	(f) Equal share required. If any tax increment utilization is approved
5	pursuant to 32 V.S.A. § 5404a(h), no more than 75 percent of the State
6	property tax increment and no less than an equal percent, plus five percent, of
7	the municipal tax increment may be approved by the Council or used by the
8	municipality to service this debt.
9	* * *
10	Sec. 17. 32 V.S.A. § 5404a is amended to read:
11	§ 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT
12	FINANCING DISTRICTS
13	* * *
14	(f) A municipality that establishes a tax increment financing district under
15	24 V.S.A. chapter 53, subchapter 5 shall collect all property taxes on properties
16	contained within the district and apply up to 75 percent of the State education
17	property tax increment, and not less than an equal share plus five percent of the
18	municipal tax increment, as defined in 24 V.S.A. § 1896, to repayment of
19	financing of the improvements and related costs for up to 20 years pursuant to
20	24 V.S.A. § 1894, if approved by the Vermont Economic Progress Council
21	pursuant to this section, subject to the following:

1	(1) In a municipality with one or more approved districts, the Council
2	shall not approve an additional district until the municipality retires the debt
3	incurred for all of the districts in the municipality.
4	(2) The Council shall not approve more than two districts in a single
5	county, and not more than an additional 14 districts in the State, provided:
6	(A) The districts listed in 24 V.S.A. § 1892(d) shall not be counted
7	against the limits imposed in this subdivision (2).
8	(B) The Council shall consider complete applications in the order
9	they are submitted, except that if during any calendar month the Council
10	receives applications for more districts than are actually available in a county,
11	the Council shall evaluate each application and shall approve the application
12	that, in the Council's discretion, best meets the economic development needs
13	of the county.
14	(C) If, while the General Assembly is not in session, the Council
15	receives applications for districts that would otherwise qualify for approval
16	but, if approved, would exceed the 14-district limit in the State, the Council
17	shall make one or more presentations to the Emergency Board concerning the
18	applications, and the Emergency Board may, in its discretion, increase the 14-
19	district limit.

1	(3)(A) A municipality shall immediately notify the Council if it resolves
2	not to incur debt for an approved district within five years of approval or a
3	five-year extension period as required in 24 V.S.A. § 1894.
4	(B) Upon receiving notification pursuant to subdivision (3)(A) of this
5	subsection, the Council shall terminate the district and may approve a new
6	district, subject to the provisions of this section and 24 V.S.A. chapter 53,
7	subchapter 5.
8	(4) The Council shall not approve any additional districts on or after
9	<u>July 1, 2024</u> .
10	* * *
11	(h) Criteria for approval. To approve utilization of incremental revenues
12	pursuant to subsection (f) of this section, the Vermont Economic Progress
13	Council shall do all the following:
14	(1) Review each application to determine that the new real property
15	proposed infrastructure improvements and the proposed development would
16	not have occurred or would have occurred in a significantly different and less
17	desirable manner but for the proposed utilization of the incremental tax
18	revenues. The review shall take into account:
19	(A) the amount of additional time, if any, needed to complete the
20	proposed development within the tax increment district and the amount of

- additional cost that might be incurred if the project were to proceed without education property tax increment financing;
  - (B) how the proposed development components and size would differ, if at all, without education property tax increment financing, including, if applicable to the development, the number of units of affordable housing, as defined in 24 V.S.A. § 4303; and
  - (C) the amount of additional revenue expected to be generated as a result of the proposed development; the percentage of that revenue that shall be paid to the education fund; the percentage that shall be paid to the municipality; and the percentage of the revenue paid to the municipality that shall be used to pay financing incurred for development of the tax increment financing district.
  - (2) Process requirements. Determine that each application meets all of the following four requirements:
  - (A) The municipality held public hearings and established a tax increment financing district in accordance with 24 V.S.A. §§ 1891-1900.
  - (B) The municipality has developed a tax increment financing district plan, including: a project description; a development financing plan; a proforma projection of expected costs; a projection of revenues; a statement and demonstration that the project would not proceed without the allocation of a tax increment; evidence that the municipality is actively seeking or has

1	obtained other sources of funding and investment; and a development schedule
2	that includes a list, a cost estimate, and a schedule for public improvements
3	and projected private development to occur as a result of the improvements.
4	(C) The municipality has approved or pledged the utilization of
5	incremental municipal tax revenues for purposes of the district in the same
6	proportion as the utilization of education property tax revenues approved by
7	the Vermont Economic Progress Council for the tax increment financing
8	district.
9	(D) The proposed infrastructure improvements and the projected
10	development or redevelopment are compatible with approved municipal and
11	regional development plans, and the project has clear local and regional
12	significance for employment, housing, and transportation improvements.
13	(3) Location criteria. Determine that each application meets one of the
14	following criteria:
15	(A) The development or redevelopment is compact, high density, and
16	located in or near existing industrial areas.
17	(B) The proposed district is within an approved growth center,
18	designated downtown, designated village center, or new town center, or
19	neighborhood development area.
20	(C) The development will occur in an area that is economically
21	distressed, which for the purposes of this subdivision means that the area has

1	experienced patterns of increasing unemployment, a drop in average wages, or
2	a decline in real property values municipality in which the area is located has:
3	(i) median family income that is 80 percent or less of the statewide
4	median family income as reported by the Vermont Department of Taxes for the
5	most recent year for which data is available;
6	(ii) an annual average unemployment rate that is at least one
7	percent greater than the latest annual average statewide unemployment rate as
8	reported by the Vermont Department of Labor; or
9	(iii) a median sales price for residential properties under six acres
10	that is 80 percent or less than the statewide median sales price for residential
11	properties under six acres as reported by the Vermont Department of Taxes.
12	(4) Project criteria. Determine that the proposed development within a
13	tax increment financing district will accomplish at least three two of the
14	following five four criteria:
15	(A) The development within the tax increment financing district
16	clearly requires substantial public investment over and above the normal
17	municipal operating or bonded debt expenditures.
18	(B) The development includes new or rehabilitated affordable
19	housing that is affordable to the majority of the residents living within the
20	municipality and is developed at a higher density than at the time of

1	application. "Affordable" has the same meaning as in 10 V.S.A. § 6001(29).
2	as defined in 24 V.S.A. § 4303.
3	(C)(B) The project will affect the remediation and redevelopment of
4	a brownfield located within the district. As used in this section, "brownfield"
5	means an area in which a hazardous substance, pollutant, or contaminant is or
6	may be present, and that situation is likely to complicate the expansion,
7	development, redevelopment, or reuse of the property.
8	(D)(C) The development will include at least one entirely new
9	business or business operation or expansion of an existing business within the
10	district, and this business will provide new, quality, full-time jobs that meet or
11	exceed the prevailing wage for the region as reported by the department of
12	labor.
13	(E)(D) The development will enhance transportation by creating
14	improved traffic patterns and flow or creating or improving public
15	transportation systems.
16	* * *
17	Sec. 18. IMPLEMENTATION
18	Secs. 16 and 17 of this act shall apply only to tax increment financing
19	district applications filed, and districts approved, on or after the date of passage
20	of this act.
21	Sec. 19. EFFECTIVE DATES

1	(a) This section and Secs. 16–18 (tax increment financing districts) sha	<u>all</u>
2	take effect on passage.	
3	(b) Sec. 6a (repeal of housing help surcharge) shall take effect on July	<u>1,</u>
4	<u>2038.</u>	
5	(c) The remaining sections of this act shall take effect on July 1, 2017.	-
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11		
12	(Committee vote:)	
13		
14	Senator	
15	FOR THE COMMITTE	Æ